

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2740

ANSWERED ON:31.08.2007

RATE OF INTEREST ON LOAN FOR PURCHASE OF SECOND HOUSE

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Will the Minister of FINANCE be pleased to state:

(a) whether certain private sector banks are providing second housing loan on higher interest rate;

(b) if so, whether the Government also proposes to raise the rates of interest on loan for purchase of second house keeping in view the shortage of dwelling units in the country; and

(c) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIPAWAN KUMAR BANSAL)

(a) : Reserve Bank of India (RBI) has stated that they have no information in this regard.

(b) & (c) : With effect from October 18, 1994, RBI has deregulated the interest rates on advances above Rs.2 lakh and the rates of interest on such advances are determined by the banks themselves with the approval of their Boards and not by the RBI or the Government.